

# Department of Housing and Community Development

FY 2002 Proposed Operating Budget:	\$57,889,980
FY 2002 Proposed Capital Budget:	\$19,546,000
FY 2002-FY 2007 Proposed Capital Improvements Plan:	\$35,842,000

The Department of Housing and Community Development facilitates the production and preservation of housing, and community and economic development opportunities in partnership with for-profit and nonprofit organizations by leveraging Department of Housing and Community Development dollars with other financing resources in order to create and maintain stable neighborhoods and retain and expand the District's tax base.

## Budget Summary

The proposed FY 2002 operating budget for the Department of Housing and Community Development (DHCD) is \$57,889,980, an increase of \$9,616,701, or 19.9 percent, over the FY 2001 approved budget (table DB0-1). The increase consists of \$750,000 to manage the disposition of District property, \$3,000,000 for housing initiatives, \$275,000 of Industrial Revenue Bond (IRB) funds for economic development, and additional Other Revenue and Federal grants for housing programs. DHCD will receive 73 percent of its overall funding in FY 2002 from Federal sources, specifically the Department of Housing and Urban Development. This agency receives 13 percent of its funding from local sources and 14 percent from Other-type sources.

Full-time equivalent (FTE) positions will increase from the current level of 144 to 150 in FY 2002 (table DB0-2). The increase is attributable to the added funding needed to manage the disposition of District properties. The FY 2002 budget includes a \$11,009 decrease in fixed costs for management reform.

The proposed capital budget for FY 2002 is \$19,546,000, and totals \$35,842,000 for the period FY 2002-FY 2007.

## Strategic Issues

- Increase homeownership opportunities and expand development efforts throughout the city.
- Increase homeownership opportunities by offering financial assistance to low and moderate income residents.
- Maintain affordable housing opportunities and promote the renovation and purchase of aging and abandoned houses.

## FY 2002 Initiatives

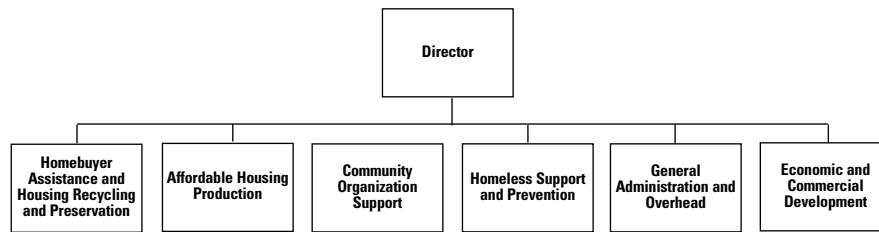
- Continue to develop activities that focus on generating affordable housing opportunities and improving housing services for residents.

**The FY 2002 proposed operating budget is \$57,889,980, an increase of \$9,616,701, or 19.9 percent, over the FY 2001 approved budget.**

**The FY 2002 proposed capital budget is \$19,546,000, an increase of \$9,546,000, or 95 percent, over the FY 2001 approved budget.**

Figure DB0-1

## Department of Housing and Community Development



### Agency Background

The major priorities of the Department of Housing and Community Development are to increase home-ownership opportunities and expand economic development efforts throughout the city, and to ensure that the department's many housing and economic development programs integrate with other city and private resources to achieve greater stabilization of neighborhoods. In housing, DHCD increases home-ownership opportunities by offering financial assistance to low- and moderate-income residents. In addition, the department supports efforts to maintain affordable housing opportunities and promotes the purchase and renovation of aging and abandoned houses. The department's economic development activities focus on generating new business opportunities that create jobs and give residents easy access to quality retail products and services.

DHCD is the recipient of federal entitlement grants that enable it to fulfill its mission. The grants are provided by the U.S. Department of Housing and Urban Development (HUD), in response to the District's submission of a five-year Consolidated Plan—a single comprehensive document concerning housing and community development needs, strategies, and action plans for the District. These entitlement grants include:

- Community Development Block Grant (CDBG)
- Home Investment Partnership (HOME)
- Emergency Shelter Grant (ESG)
- Housing Opportunities for Persons with AIDS (HOPWA), which is managed out of the Department of Health

### Programs

The department's main programs fall into five categories (figure DB0-1).

**Homebuyer Assistance and Housing Recycling and Preservation** promotes new home-ownership and protects existing ownership throughout most of the residential areas of the city. Home-buyer assistance is provided through the Housing Purchase Assistance Program, the Home Ownership Developers Incentive Fund, which helps lower the cost of certain newly constructed housing units for eligible purchasers, and the Tenant's Apartment Purchase Program. Recycling of abandoned and vacant housing is conducted through the Homestead Housing Preservation Program. Assistance for preservation of home ownership is provided through the Single Family Residential Rehabilitation Program and the Senior Citizen Home Repair and Improvement Program.

HUD offers a variety of grant programs to public and nonprofit housing developers to encourage home ownership of public housing and housing that is owned by local governments or has been obtained through foreclosure under federal insurance programs. Funds provide assistance for both planning and development of affordable housing for lower-income households.

**Affordable Housing Production** supports the District of Columbia's commitment to increase the amount of affordable housing available through construction of new housing and preservation of aging housing stock. The thrust to produce affordable housing, through its creation and renovation, is part of an overall effort to maintain healthy and viable neighborhoods for all District residents, including segments of the population with special needs.

Table DB0-1

**FY 2002 Proposed Operating Budget, by Comptroller Source Group**

(dollars in thousands)

Department of Housing and Community Development

	<b>Actual FY 2000</b>	<b>Approved FY 2001</b>	<b>Proposed FY 2002</b>	<b>Change from FY 2001</b>
Regular Pay - Cont. full Time	6,615	7,928	7,762	-116
Regular Pay - Other	0	37	142	106
Additional Gross Pay	34	22	37	15
Fringe Benefits	943	1,202	1,164	-39
<i>Subtotal Personal Services (PS)</i>	<i>7,592</i>	<i>9,189</i>	<i>9,104</i>	<i>(84)</i>
Supplies and Materials	45	37	61	24
Utilities	45	6	22	16
Communications	58	322	87	-235
Rentals - Land and Structures	1,310	1,198	1,374	176
Security Services	0	0	85	85
Other Services and charges	5,692	3,071	2,440	-631
Contractual Services	3,667	3,952	3,725	-227
Subsidies and Transfers	28,300	30,385	40,791	10,405
Equipment and Equipment Rental	238	114	202	88
<i>Subtotal Nonpersonal Services (NPS)</i>	<i>39,355</i>	<i>39,085</i>	<i>48,786</i>	<i>9,701</i>
<b>Total Proposed Operating Budget</b>	<b>46,947</b>	<b>48,273</b>	<b>57,890</b>	<b>9,617</b>

Table DB0-2

**FY 2002 Full-Time Equivalent Employment Levels**Department of Housing and Community Development

	<b>Actual FY 2000</b>	<b>Approved FY 2001</b>	<b>Proposed FY 2002</b>	<b>Change from FY 2001</b>
Continuing full time	106	144	147	3
Term full time	7	0	3	3
<b>Total FTEs</b>	<b>113</b>	<b>144</b>	<b>150</b>	<b>6</b>

Particularly encouraging is additional ownership housing in areas with high concentrations of lower-income or rental housing, to bring more balance and stability to those areas. The department supports neighborhood improvement efforts to achieve an overall positive impact on neighborhood conditions and livability. Supplemented by significant private-

sector financing, all of the programs in this initiative support the home ownership goal and help broaden the base of affordable housing in the District.

**Community Organizations Support** funds nonprofit, community-based organizations that provide services such as comprehensive housing counseling to low- and moderate-income house-

holds in the District, intake of applications, and community outreach and education. It also provides funding for fair housing studies, information to citizens regarding fair housing, and special grant funds designed to give community development corporations (CDCs) the ability to take financial stakes in strategic business and economic development projects in their service communities.

**Homeless Support and Prevention** will award Emergency Shelter Grants (ESG) funds to the Community Partnership for the Prevention of Homelessness to help provide services and facilities within the continuum of care for homeless persons. ESG-funded services and facilities supported will include prevention, outreach done in connection with established drop-in centers, renovation work at shelter sites, and the provision of hypothermia hotline services during the hypothermia season of 2001-2002.

**Economic and Commercial Development** is responsible for the District's strategy to stimulate employment and business opportunities for residents as part of its effort to create and maintain healthy and viable neighborhoods. An important vehicle for achieving this strategy is to build the neighborhood community development corporations' capacity to stimulate economic development activity in their respective service areas. The city will focus on improving its existing economic development programs and negotiating with private lenders for targeted, creative financing of economic development in key geographic and marketing areas where public funds can effectively leverage private financing. The District will also focus on encouraging private lenders to provide financing opportunities under the Community Reinvestment Act and monitor compliance.

The District will enhance its efforts to retain businesses in and attract them to the city, paying special attention to tax and regulatory provisions that adversely affect operating in the District. Targeted District-owned sites will be identified for marketing and development, thereby providing visible anchors for economic revitalization and neighborhood stabilization. Also of prime importance is the creation of small and minority-owned businesses in underserved markets in the city, including monitoring and enforcing local contracting and employment goals for District firms and residents.

## **Funding Summary**

### **Local**

The proposed local budget is \$7,715,626, an increase of \$4,013,426 over the FY 2001 approved budget. Of this increase, \$464,299 is in personal services and \$3,549,127 is in nonpersonal services. There are 13 FTEs supported by local sources, an increase of 6 FTEs over FY 2001. Refer to the FY 2002

Operating Appendices (bound separately) for details. Increases in funding and FTEs include the following:

- \$3,000,000 associated with housing initiatives for low and moderate income persons, including funding for the Home Purchase Assistance Program, the Single Family Residential Rehabilitation Program, and the Tenant Apartment Purchase Program.
- \$750,000 and 6 FTEs to support responsibilities associated with the disposition of District land.
- \$275,000 from Industrial Revenue Bond (IRB) funds for economic development initiatives.

### **Federal**

The proposed federal budget is \$42,168,080, a net increase of \$2,059,001 from the FY 2001 approved budget. This includes a decrease of \$548,557 in personal services offset by an increase of \$2,607,558 in nonpersonal services based on the anticipated receipt of additional Federal funding to promote housing initiatives. There are 137 FTEs supported by Federal sources.

### **Other**

The proposed Other budget is \$8,006,274, an increase of \$3,544,274 over the FY 2001 approved budget. This increase is the result of additional revenue from Home Purchase Assistance Program (HPAP) loan payments, which are being reinvested in the HPAP program. There are no FTES supported by other sources.

## **Capital Improvements**

DHCD's capital program focuses on the development of housing programs throughout the District of Columbia (table DB0-3). The agency provides assistance to revitalize blighted communities, promote economic development, and create opportunities for low- and moderate-income residents of the District. To accomplish this goal, the department leverages capital dollars and uses private resources.

The department currently has three capital projects with total financing to date of \$35 million. These ongoing projects focus on the development of affordable housing, economic development of the Southwest Waterfront, and public infrastructure improvements to the Fort Lincoln community. Ongoing projects will cost \$8.8 million in FY 2002 and \$23.4 in FY 2002-FY 2007.

The proposed budget for the Department of Housing and Community Development's capital program is \$19.5 million in FY 2002 and a total of \$35.8 million over the next six years. The agency will receive additional funding for the following affordable housing projects:

- The East Capitol Dwelling project is an initiative to provide affordable housing to the Anacostia community. The project, to which the District has already committed \$10 million, is supported with federal Hope VI funding for community development. In addition,

the project has a retail component to attract and promote economic revitalization. The FY 2002 planned expenditures are \$7 million. They are \$7 million for FY 2002-FY 2007.

- The Far SE and SW Bellevue project is an initiative to revitalize several District communities. The focus of the project will concentrate on a four-block radius. The project will consist of the acquisition, demolition, and abatement of abandoned properties to support a new townhouse community. Planned expenditures are \$3.7 million in FY 2002 and \$5.4 million for FY 2002-FY 2007.

### Trend Data

Table DB0-3 and figure DB0-2 show expenditure and employment history for FY 1998-FY 2002.

Table DB0-3

## Capital Improvement Plan, FY 2002-FY 2007

(dollars in thousands)

### Department of Housing and Community Development

Cost Elements	EXPENDITURE SCHEDULE										
	Through FY 2000	Budgeted FY 2001	Total	Year 1 FY 2002	Year 2 FY 2003	Year 3 FY 2004	Year 4 FY 2005	Year 5 FY 2006	Year 6 FY 2007	6 Years Budget	Total Budget
a. Design	116	0	116	0	0	0	0	0	0	0	116
b. Site	0	2,000	2,000	4,774	266	0	0	0	0	5,040	7,040
c. Project Management:	104	0	104	0	0	0	0	0	0	0	104
d. Construction	12,109	8,000	20,109	14,772	7,120	3,910	2,500	2,500	0	30,802	50,911
e. Equipment	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>12,329</b>	<b>10,000</b>	<b>22,329</b>	<b>19,546</b>	<b>7,386</b>	<b>3,910</b>	<b>2,500</b>	<b>2,500</b>	<b>0</b>	<b>35,842</b>	<b>58,171</b>

				FUNDING SCHEDULE							
a. Long-term Financing	19,826	5,000	24,826	17,546	6,890	3,910	2,500	2,500	0	33,346	58,171
b.Tobacco	0	0	0	0	0	0	0	0	0	0	0
c. Grants	0	0	0	0	0	0	0	0	0	0	0
d. Pay go	0	0	0	0	0	0	0	0	0	0	0
e. Hwy Trust Fund	0	0	0	0	0	0	0	0	0	0	0
f. Equipment lease	0	0	0	0	0	0	0	0	0	0	0
g. Alternative financing	0	0	0	0	0	0	0	0	0	0	0
h. Other	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>19,826</b>	<b>5,000</b>	<b>24,826</b>	<b>17,546</b>	<b>6,890</b>	<b>3,910</b>	<b>2,500</b>	<b>2,500</b>	<b>0</b>	<b>33,346</b>	<b>58,171</b>

Table DB0-4

**FY 2002 Proposed Operating Budget, by Revenue Type**

(dollars in thousands)

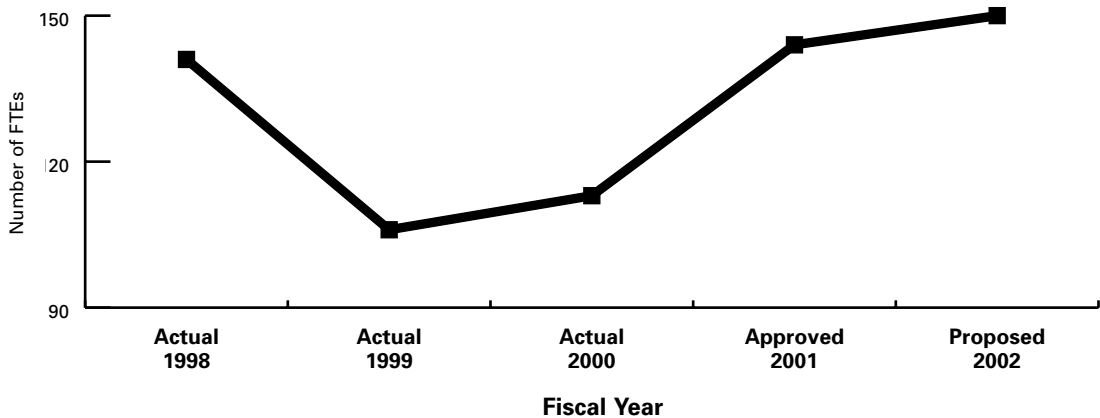
Department of Housing and Community Development

	Actual FY 1998	Actual FY 1999	Actual FY 2000	Approved FY 2001	Proposed FY 2002
Local	3,693	2,961	3,988	3,702	7,716
Federal	57	43,888	39,737	40,109	42,168
Other	3,238	4,144	1,898	4,462	8,006
Intra-District	8,000	1,412	1,324	0	0
<b>Gross Funds</b>	<b>14,987</b>	<b>52,405</b>	<b>46,947</b>	<b>48,273</b>	<b>57,890</b>

Figure DB0-2

**DHCD Employment Levels, FY 1998–Proposed FY 2002**

(gross FTEs)

**Agency Goals and Performance Measures****Goal 1. Increase homeownership opportunities for DC residents.***Citywide Strategic Priority Area:* Building and sustaining healthy neighborhoods

*Managers:* William Jameson, Administrator, Home Purchase Assistance Program and Housing Finance Agency 4% Loan Program, Sheila Williams, Administrator, Residential & Community Services (Conversions)

*Supervisor:* Vanessa Akins, Deputy Director, Residential & Community Services

**Measure 1.1: Number of Home Purchase Assistance Program (HPAP) first-time homeowner loans awarded**

	Fiscal Year				
	1999	2000	2001	2002	2003
Target	NA	370	433	560	TBD
Actual	576	396	—	—	—

Note: Original FY 2000 target of 473 reduced to 370 due to reduced funding and changed market conditions.

**Measure 1.2: Number of (below-market) DC Housing Finance Agency (DCHFA) homeowner loans awarded**

	Fiscal Year				
	1999	2000	2001	2002	2003
Target	NA	NA	20	30	TBD
Actual	NA	24	—	—	—

**Measure 1.3: Number of rentals converted to ownership**

	Fiscal Year				
	1999	2000	2001	2002	2003
Target	NA	60	120	TBD	TBD
Actual	NA	102	—	—	—

## Goal 2. Revitalize neighborhood housing.

*Citywide Strategic Priority Area:* Building and sustaining healthy neighborhoods

*Managers:* Jerry Williamson, Chief, Development Finance Division; Sheila Williams, Administrator R&CS; Lynn French, Administrator, Homestead Program

*Supervisors:* Neal Drobenare, Chief Operating Officer; Vanessa Akins, Deputy Director, Residential and Community Services, (R&CS)

### Measure 2.1: Number of single-family and multi-family units funded through rehabilitation loans made in fiscal year

	1999	2000	Fiscal Year 2001	2002	2003
Target	NA	496	1,870	1,054	TBD
Actual	NA	500	—	—	—

Note: Performance measure reflects units funded in particular fiscal year.

### Measure 2.2: Number of new single family and multi-family units funded through construction loans made in fiscal year

	1999	2000	Fiscal Year 2001	2002	2003
Target	NA	250	800	408	TBD
Actual	NA	441	—	—	—

Note: Performance measure reflects units funded in particular fiscal year.

### Measure 2.3: Number of vacant/tax delinquent properties sold to first time homebuyers in the Homestead Program

	1999	2000	Fiscal Year 2001	2002	2003
Target	NA	155	100	100	TBD
Actual	196	174	—	—	—

Note: FY 2001 actual sales take place in Homestead Lottery in August 01; title clearance is on target for the August lottery.

## Goal 3. Encourage community development and provide support services.

*Citywide Strategic Priority Areas:* Strengthening children, youth, families and individuals; Building and sustaining healthy neighborhoods

*Managers:* Jerry Williamson, Chief, Development Finance Division; Sheila Williams, Administrator, Residential & Community Services

*Supervisors:* Neal Drobenare, Chief Operating Officer; Vanessa Akins, Deputy Director, Residential & Community Services

### Measure 3.1: Number of persons served with homeless housing services

	1999	2000	Fiscal Year 2001	2002	2003
Target	NA	500	5,000	5,000	TBD
Actual	650	6,965	—	—	—

Note: ESG grantee, Community Partnership for Prevention of Homelessness, reports the number of homeless persons reached by outreach and hotline service, eviction prevention grants, and transportation to shelters.

### Measure 3.2: Number of permanent and temporary jobs retained or created

	1999	2000	Fiscal Year 2001	2002	2003
Target	NA	1,000	2,000	2,000	2,000
Actual	450	2,258	—	—	—

### Measure 3.3: Number of neighborhood support community and commercial facilities completed

	1999	2000	Fiscal Year 2001	2002	2003
Target	NA	NA	7	6	TBD
Actual	NA	8	—	—	—

### Measure 3.4: Number of neighborhood support community and commercial facilities underway

	1999	2000	Fiscal Year 2001	2002	2003
Target	NA	NA	8	1	TBD
Actual	NA	7	—	—	—

### Measure 3.5: Number of District-owned properties sold for re-development

	1999	2000	Fiscal Year 2001	2002	2003
Target	NA	NA	7	7	TBD
Actual	NA	NA	—	—	—

Note: Two Land Disposition Agreements (LDA) entered and three Requests for Proposals (RFP) issued as of April 2001.

## Goal 4. Provide special housing support services.

*Citywide Strategic Priority Area:* Building and sustaining healthy neighborhoods

*Manager:* Jerry Williamson, Chief, Development Finance Division; Sheila Williams, Administrator, Residential and Community Services

*Supervisors:* Neal Drobenare, Chief Operating Officer; Vanessa Akins, Deputy Director, Residential and Community Services

**Measure 4.1: Number of households receiving housing opportunity counseling, including homeownership counseling**

		Fiscal Year			
	1999	2000	2001	2002	2003
Target	NA	6,000	6,000	6,000	TBD
Actual	NA	7,521	—	—	—

**Measure 4.2: Number of households receiving emergency grants and other support services**

		Fiscal Year			
	1999	2000	2001	2002	2003
Target	NA	500	300	300	TBD
Actual	NA	NA	—	—	—

Note: Information from grantee, measure emphasize outreach; see measure 3.1 above.

**Goal 5. Improve financial management.**

*Citywide Strategic Priority Areas:* Making government work

*Manager:* Jerry Williamson, Chief, Development Finance Division

*Supervisor:* Neal Drobenare, Chief Operating Officer

**Measure 5.1: Time to process Development Finance Loans (months)**

		Fiscal Year			
	1999	2000	2001	2002	2003
Target	NA	6.0	6.0	6.0	TBD
Actual	NA	5.5	—	—	—

Note: Measure applies to FY 2001 when NOFA is issued.

**Measure 5.2: Public to private leverage on financed projects**

		Fiscal Year			
	1999	2000	2001	2002	2003
Target	NA	1:4	1:4	1:4	1:4
Actual	NA	1:5	—	—	—

**Measure 5.3: Loan delinquency rate (percent)**

		Fiscal Year			
	1999	2000	2001	2002	2003
Target	NA	20	20	20	20
Actual	NA	22	—	—	—